

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-25 ISO-00 SS-20 EB-11 SAM-01 USIE-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 STR-08 TAR-02 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 SSO-00 INRE-00 NSCE-00 /165 R

DRAFTED BY TREASURY:MMARKS

APPROVED BY EB/OT/STA:EWKEMPE

TREASURY: SECY SIMON

S/S:DWMILLER

EUR/IB: JSMITH

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O 250006Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY MADRID IMMEDIATE

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E.O. 11652: GDS

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTIES

REF: MADRID 3196

SEC. SIMON HAS ASKED US TO SEND YOU THE FOLLOWING RESPONSE

REFTEL:

1. WE SHALL BE HAPPY TO ACCOMMODATE YOUR REQUEST TO
WITHHOLD ANY DECISION ON COUNTERVAILING DUTIES REGARDING
SPAIN UNTIL AFTER FOREIGN MINISTER CORTINA'S VISIT ON
JUNE 12, THEREBY ALLOWING SPANISH TO MAKE POLICY-LEVEL
PRESENTATION AT THAT TIME. HOWEVER, BEFORE FINALLY
DECIDING WHAT LINE TO ADOPT, YOU MAY WISH TO TAKE ACCOUNT
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OF FOLLOWING:

2. AS MATTER OF PRINCIPLE, TREAS. CANNOT AGREE TO WITHHOLD DECISION UNTIL AFTER SPANISH SUBMISSION AT POLITICAL LEVEL. ON THE OTHER HAND, TREAS. IS IN POSITION TO INDICATE THAT REVIEW OF FACTS PRESENTED BY SPANISH CANNOT BE COMPLETED BEFORE CERTAIN DATE--IN THIS CASE, JUNE 12. TREAS. FEELS THAT THIS NOTIFICATION TO SPANISH SHOULD MEET THEIR POLITICAL PROBLEM WITHOUT RAISING ISSUE OF PRINCIPLE JUST REFERRED TO. IF DECISION IS MADE BY TREAS. TO PUBLISH COUNTERVAILING DUTY PROCEEDING NOTICE, THAT DECISION CANNOT, REPEAT NOT BE WITHDRAWN

WITHOUT AN AFFIRMATIVE OR NEGATIVE DETERMINATION BY TREAS. AS TO WHETHER COUNTERVAILING IS REQUIRED.

3. WITH RESPECT TO THE CURRENT STATUS OF THE INVESTIGATION, TREAS. IS REVIEWING INFORMATION PRESENTED BY THE SPANISH AT THE TECHNICAL LEVEL MEETING IN WASHINGTON ON MAY 13 AND 14. NO DECISION HAS BEEN REACHED AND NONE WILL BE REACHED PRIOR TO JUNE 12. IT IS IMPORTANT THAT THE SPANISH UNDERSTAND THAT ANY ADDITIONAL INFORMATION WHICH THEY WISH TO VOLUNTEER WITH RESPECT TO THE INVESTIGATION SHOULD BE RECEIVED PRIOR TO JUNE 12. IN THIS REGARD, IF THE GOS WISHES TO MAKE A POLICY PRESENTATION, WE WISH TO CALL TO YOUR ATTENTION THAT IT MIGHT BE EMBARRASSING TO CORTINA TO MAKE SUCH A PRESENTATION DURING HIS VISIT HERE, IF SOON AFTER HIS DEPARTURE, TREAS. WERE TO REACH DECISION AND PUBLISH A COUNTERVAILING DUTY PROCEEDING NOTICE. AS YOU KNOW, THE COUNTERVAILING DUTY STATUTE IS MANDATORY ALLOWING NO DISCRETION FOR THE SECRETARY TO ACT OR NOT TO ACT IF HE FINDS THAT A "BOUNTY" OR "GRANT" EXISTS. PAST DELAYS BY TREAS. IN ENFORCING THIS ACT HAVE RESULTED IN SEVERAL LAW SUITS AGAINST TREAS., INCLUDING ONE INVOLVING SHOES FROM SPAIN.

4. ENTIRE MATTER IS FURTHER COMPLICATED BY FACT THAT MARK UP OF 1973 TRADE BILL MAY BE SCHEDULED TO START IN

EARLY JUNE. COUNTERVAILING DUTY SECTION OF BILL IS BOUND TO BE ONE OF KEY ISSUES IN MARK UP SESSION.
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ADMINISTRATION IS ATTEMPTING TO RETAIN DISCRETION IN TRADE BILL WITH RESPECT TO COUNTERVAILING. AMERICAN SHOE INTERESTS HAVE APPROACHED EVERY MEMBER OF SENATE FINANCE COMMITTEE ON SPANISH COUNTERVAILING QUESTION AND THIS IS BOUND TO BE SUBJECT OF DISCUSSION DURING MARK UP. IT IS MOST IMPORTANT THAT ADMINISTRATION TAKE NO ACTION IN SPANISH CASE WHICH WOULD MOVE SENATE FINANCE COMMITTEE TO ELIMINATE OR DRASTICALLY CUT

DISCRETIONARY AUTHORITY IN TRADE BILL. RUSH

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